

From: Joe Wasaff <joew@americascu.org> on 10/11/2007 04:25:02 PM

Subject: Truth in Lending

To: Board of Governors of the Federal Reserve System

REF: Docket No. R-1286

Date: October 11, 2007

Dear Sir:

America's Credit Union in Garland, Texas, objects to the Federal Reserve's proposed changes to Regulation Z, specifically the changes pertaining to multi-featured, open-end lending programs.

Based on our affiliation since 1934 with Kraft Foods, our credit union has members in 45 states who have come to rely upon the convenience offered by our open-end lending program, and the changes to Reg Z as proposed could adversely impact them.

As an example, we have numerous members who are long-distance truck drivers. While on the road, they can request a loan over the phone or via our website, thanks to the reduced paperwork that an open-end lending plan allows. If we were forced to use a closed-end structure for those loans currently eligible for open-end, our remote members would find it much more inconvenient to obtain a loan, especially since our credit union has only three offices – two in Dallas County and the third in Springfield, Missouri.

We are especially proud of our competitive rates and prompt service to members who have an immediate need to borrow small amounts. Some of the small loans we have granted have funded travel to a relative's funeral, medical bills, car repairs, and back-to-school necessities. Under our open-end plan, we can more easily afford to lend as little as \$100 on a signature loan, or as little as \$500 with the member's vehicle pledged as security. If we were forced into a closed-end structure, loans for such small amounts would be either cost-prohibitive to the credit union because of the increased paperwork, or cost-prohibitive to the member because the interest rate would have to be higher to help offset the credit union's overhead.

Our open-end plan includes the same protections as a closed-end loan including a security agreement; and for each loan request made under the open-end plan, our loan officers obtain credit scores, current credit bureau reports, debt ratio analyses, and loan to value analyses, as applicable, for the decision whether to grant or deny the loan. We are well satisfied that sufficient information is disclosed to borrowers in our open-end plan. We have never had a complaint from a member about our open-end lending, and our default rate has never increased on those loan types included in our open-end plan.

Almost all of our members are on our open-end loan plan. They would not like having to fill out all new paperwork in order to restructure each of their current loans. They would not understand why there was any problem with their existing loan structure and paperwork.

It is for these reasons that we would like to go on record as being formally opposed to the proposed changes to multi-featured, open-end plans.

Sincerely,

Joe Wasaff
President and CEO

America's Credit Union

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